



# INSTITUTE FOR BUSINESS & ENTREPRENEURSHIP

## Removing Barriers and Increasing Women's Access to Capital

### Summary of Key Findings of Stakeholder Focus Groups

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# TABLE OF CONTENTS

<b>Table of Contents</b> .....	<b>1</b>
<b>Overview of the Focus Group Approach</b> .....	<b>2</b>
<b>Highlights of Key Findings</b> .....	<b>6</b>
<b>Qualitative Feedback by Topic Area</b> .....	<b>12</b>
<i>Topic 1: Perspectives on Gender Differences in Accessing Capital</i> .....	12
<i>Topic 2: Barriers and Challenges in Accessing Capital</i> .....	15
<i>Topic 3: Suggestions from Lenders for Improving Chances for Success</i> .....	21
<i>Topic 4: Lender Feedback on a Curriculum to Improve Access to Capital</i> .....	25
<i>Topic 5: Future Trends and Emerging Issues</i> .....	28
<b>APPENDIX A: Focus Group Discussion Guide</b> .....	<b>29</b>

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# OVERVIEW OF THE FOCUS GROUP APPROACH

In the fall of 2023, the Universities of Wisconsin’s Institute for Business & Entrepreneurship (IBE) was awarded a grant from the U.S. Department of Commerce’s Minority Business Development Agency to design and pilot a new curriculum to help Wisconsin women in their search for small business capital.<sup>1</sup> Research shows that women often confront difficulties in obtaining capital for their small businesses.<sup>2</sup> For example, IBE historically finds fewer women entrepreneurs get capital and overall receive smaller amounts compared to men. In 2022, 47% of IBE’s women clients received capital vs. 50% percent of men and women received \$64M in total capital compared to men at \$142M. Women’s struggles with accessing capital are confirmed by entrepreneurs themselves in Bank of America’s 2023 Women and Minority Business Owner Spotlight, which reported that 31% of women business owners say they have experienced challenges accessing capital. Among those who reported challenges, 42% said they do not have a relationship with a lender and 31% feel they do not have the proper information/qualifications to feel confident applying for capital funding.<sup>3</sup>

With the assistance of the Minority Business Development Agency grant, IBE aims to help address these concerns for Wisconsin women entrepreneurs by developing and piloting an innovative outreach program that will create customized resources to address specific capital issues for women. IBE intends to have its first cohort of women participating in this new capital readiness program in the fall of 2024. To help inform the development and planning of the outreach program, IBE sought to obtain feedback directly from (1) Wisconsin women entrepreneurs about their business challenges; experiences applying for and accessing funding; and their needs for future success and from (2) lenders and other financial professionals about their perspectives on barriers women face when accessing capital and suggestions for curriculum content. This feedback will help IBE identify critical information gaps and contribute to the planning of the new pilot program. To gather and analyze this feedback, IBE partnered with other Universities of Wisconsin organizations, including the Wisconsin Institute for Public Policy and Service (WIPPS) Research Partners and UW Eau Claire, to develop and administer a survey of women entrepreneurs, including those who had successfully obtained capital as well as those who were not successful or had not yet sought capital funding.<sup>4</sup> In addition to the survey, IBE partnered with WIPPS Research Partners to conduct six focus groups with lenders, investors, and financial professionals from across the state. This report summarizes the findings from the focus group discussions. A separate report summarizes the survey.

**Table 1 – Dates of Focus Group Sessions**

Group	Date	Time	Format	Host	# Participants
1	Monday, March 4, 2024	Noon to 1:00 pm	In-person	SBDC - Fennimore	8
2	Tuesday, March 26, 2024	1:00 to 2:00 pm	Virtual	SBDC - River Falls	10
3	Thursday, March 28, 2024	Noon to 1:00 pm	Virtual	SBDC - UW Parkside	7
4	Tuesday, April 9, 2024	9:00 to 10:00 am	Virtual	Food and Agriculture	8
5	Wednesday, April 10, 2024	Noon to 1:15 pm	In-person	SBDC - Milwaukee	11
6	Thursday, April 11, 2024	Noon to 1:00 pm	Virtual	CTC	5

SBDC = Small Business Development Center    CTC = Center for Technology Commercialization  
Total # Participants = 49 (representing the 43 different organizations listed in Table 2)

As shown in Table 1, six focus groups were offered in March and April of 2024, including two in-person options and four virtual options using Zoom. The organizations represented in the focus groups is reported on the next page in Table 2. A total of 49 individuals representing 43 different organizations participated in the focus groups.

<sup>1</sup> Information about IBE can be found at: <https://business.wisconsin.edu/>.

<sup>2</sup> [https://www.govinfo.gov/content/pkg/GOVPUB-Y3\\_W84\\_4-PURL-gpo121110/pdf/GOVPUB-Y3\\_W84\\_4-PURL-gpo121110.pdf](https://www.govinfo.gov/content/pkg/GOVPUB-Y3_W84_4-PURL-gpo121110/pdf/GOVPUB-Y3_W84_4-PURL-gpo121110.pdf)

<sup>3</sup> <https://about.bankofamerica.com/en/making-an-impact/women-and-minority-business-spotlight-2023>

<sup>4</sup> Information about WIPPS Research Partners can be found at: <https://wipps.org/research-partners/>.

**Table 2 – Participating Organizations**

Name of Organization	Type of Organization
Associated Bank	Bank or Lending Institution
BMO Harris	Bank or Lending Institution
Citizen's State Bank	Bank or Lending Institution
Community First Bank	Bank or Lending Institution
Pillar Bank	Bank or Lending Institution
Security Financial Bank	Bank or Lending Institution
US Bank	Bank or Lending Institution
Waukesha State Bank	Bank or Lending Institution
African American Chamber of Commerce	Chamber of Commerce
Envision Greater Fond du Lac	Chamber of Commerce
Hmong Wisconsin Chamber of Commerce	Chamber of Commerce
Latino Chamber of Commerce, SE WI	Chamber of Commerce
WESTconsin Credit Union	Credit Union
Self-Help Federal Credit Union	Credit Union
Summit Credit Union	Credit Union
Economic Development, City of Milwaukee	Economic Development Organization
Grant County Economic Development	Economic Development Organization
Greater Oshkosh Economic Development Organization	Economic Development Organization
Green County Development Corp.	Economic Development Organization
MEDC Wisconsin	Economic Development Organization
Northwest Side Community Development Corporation	Economic Development Organization
Office of Rural Prosperity, WEDC	Economic Development Organization
Southwestern WI Regional Planning Commission	Economic Development Organization
Stevens Point Downtown Business Improvement District	Economic Development Organization
The Business Council, Inc.	Support and Technical Assistance Organization
Doyenne	Support and Technical Assistance Organization
Fair Food Network	Support and Technical Assistance Organization
Red Letter Grant	Support and Technical Assistance Organization
Wisconsin Women's Business Initiative Corporation	Support and Technical Assistance Organization
Wisconsin Technology Council	Support and Technical Assistance Organization
AARP Wisconsin	Other - Membership Organization
Compeer	Other - Farm Cooperative
Platteville Business Incubator, Inc.	Other - Business Incubator
Legacy Redevelopment Corporation	Other - Community Development Financial Institution
USDA	Other - Government Lending Institution
Bascom Ventures (Alumni Ventures)	Venture Capital or Angel Investment
Gateway Capital Partners	Venture Capital or Angel Investment
Golden Angels	Venture Capital or Angel Investment
Idea Fund of La Crosse	Venture Capital or Angel Investment
Proofing Station	Venture Capital or Angel Investment
Venture Capitalist, vc414	Venture Capital or Angel Investment
Winnow Fund	Venture Capital or Angel Investment
WISC Partners	Venture Capital or Angel Investment

The focus groups were planned for approximately one hour and were scheduled at times that would increase the likelihood of participation (generally over the lunch hour or early morning). IBE staff, in partnership with representatives from the host sites, worked together to identify and invite participants representing a range of perspectives from lenders and financing professionals, including banks and other government and private lending institutions; to credit unions; chambers of commerce; economic development organizations; entrepreneur support and technical assistance organizations; venture capital firms; angel investors; and others such as a farm cooperative, a membership organization, and a business incubator.

WIPPS staff facilitated and observed the focus groups and analyzed the feedback. The discussions were recorded to help with the analysis. Members of IBE staff and/or host site representatives also participated as silent observers of the sessions, but they did not compile or analyze the feedback or notes and they did not have access to the recordings or transcripts. The participants were informed that the recordings and notes would be kept private and only members of the project team at WIPPS would have access to them.

As shown in Appendix A, a focus group discussion guide was developed in collaboration with IBE and was used across all of the focus groups. Questions covered a range of topics such as:

- Impressions of potential reasons why fewer women entrepreneurs get capital and overall receive smaller amounts of capital in comparison to male entrepreneurs.
- Perspectives on key differences in how women approach seeking funding for their businesses in comparison to men.
- Challenges or barriers women entrepreneurs face in trying to access capital and ideas for removing or reducing these barriers.
- Common reasons why funding may be denied and what feedback or resources may be provided to the entrepreneur when funding is denied.
- Key things women entrepreneurs can do to improve their chances of success when applying for funding (especially for early stage and growth stage businesses).
- Suggestions for components to include in the design of a curriculum to help women business owners improve their access capital to capital.

When considering focus groups methods: it is important to remember that focus group methods are not intended to yield results or insights that are generalizable to a larger population (in this case, the population of all lending institutions, funders, or sources of capital). Rather, focus groups are used to better understand the reasons underlying individual's perspectives or the range of perspectives on a given topic, or to provide insights about how a situation is perceived and experienced. The information shared in this report reflects the insights, feedback, and experiences of the participants with whom we spoke and should not be assumed to be representative of Wisconsin lending and financial professionals or organizations as a whole.

Given the nature of the topics discussed and differences in individual experiences, there may be different voices and multiple views that need to be presented. Our goal is to represent the range of views expressed by those who participated in the discussions. With the exception of specifying when a comment was made by "one participant," this focus group report does not report the exact frequency or quantity with which comments or opinions are expressed. The use of specific numeric references in a focus group report can sometimes lead readers to inadvertently think about responses in terms of percentages (X percent of people think this; Y percent think that), which can then lead to false generalizations. Those kinds of specific characterizations are better suited for a methodology where a larger number of individuals are sampled, such as a survey.

For readability, convenience, and to improve the flow of the narrative, throughout the report we sometimes use terminology such as “Participants reported...,” or “Participants said...” These are shorthand references to the individuals who participated in the focus groups and should not be interpreted as reflective of the views of all Wisconsin lending and financial professionals or organizations.

Lastly, we may use terminology to convey the pervasiveness of a theme such as “many” or “most”; “some” or “several”; or “a few.” How these characterizations are applied is largely at the discretion of the analyst/observer, as they can depend on the context of the question; whether comments or themes related to a question come up at other points in the discussion; and other cues such as body language of the participants (head nodding). To minimize some of the inherent subjectivity, the characterizations of comments were reviewed by the facilitator. Summaries of the notes from each focus group were also shared with the silent observers who had an opportunity to identify any inaccuracies. This additional review served as a “check” on the balance and completeness of the summary and to ensure that the report accurately reflected the discussion. Paraphrased quotes are included in order to illustrate the participants’ responses. In some cases, these have been edited for readability, but the respondent’s intention is reflected in the comment. Supporting quotes may have been edited for readability, without compromising the intent.

## HIGHLIGHTS OF KEY FINDINGS

In this section we highlight survey findings that may be particularly relevant to IBE's plans for designing an outreach program and curriculum to help Wisconsin women entrepreneurs access capital. Additional detail about these key findings, including tables with supporting qualitative data and illustrative comments from the focus group discussions, are included in subsequent sections of this report.

### PERSPECTIVES ON GENDER DIFFERENCES IN ACCESSING CAPITAL

➤ **The focus group participants were generally not surprised at the data which highlighted gender differences in the frequency and amount of capital received by women vs. men entrepreneurs. Participants noted that the gender differences in the data may be driven by differences in the types of businesses that are founded by women vs. men.** Many also noted that factors such as industry type and businesses characteristics such as size and scale may account for variations in the kinds of funding needed to support or grow the business and therefore differences in the amount of capital needed. Women may be applying for capital for different types of businesses and comparisons of access to capital should be disaggregated by industry in order to make "apples to apples" comparisons with male founders. Certain types of industries, such as retail and restaurants, are more welcoming to women, but larger loans may go to manufacturing-type businesses which are more male-dominated. Men may have more fixed asset-based businesses which increases the lending amounts.

➤ **Women entrepreneurs may have fundamentally different approaches to business development and growth compared to male entrepreneurs. These different approaches might result in women being less-likely to seek capital and/or less likely to seek equivalent amounts of capital compared to male counterparts.** Observations shared by the focus group participants generated several key themes with respect to ways in which women entrepreneurs may approach business development differently, including:

- Women may have different motivations for starting their business or they may have unique challenges due to family needs and expectations that impact how they approach their business development and planning.
- Women prefer to be very specific and, in many cases, overly-prepared before going to a lender. The specificity of women's requests may narrow funding opportunities or it may take longer to access capital compared to male entrepreneurs who may be more aggressive when seeking funding.
- Women are less confident about seeking funding for their businesses in comparison to male entrepreneurs and this results in fewer women seeking capital in general. Women founders may be missing out on subsequent funding opportunities that would be available to them if they had existing capital.
- Women are more risk averse about taking on debt in comparison to male entrepreneurs and may prefer to bootstrap their businesses or delay seeking capital.
- Women approach "the ask" differently than men. Women may under-estimate the amount of capital needed or they may they may ask for less in order to be more secure that their request will be granted. Women ask for smaller amounts and undervalue their needs.
- Women are taught to save money. Men are taught to build wealth.
- Women may lack access to formal and informal networks or may be less comfortable in building relationships within male-dominated lending environments.

- **Many focus group participants noted that institutional or structural gender and racial biases create barriers to women accessing capital, although some felt that all entrepreneurs face challenges, regardless of gender. Minority women entrepreneurs may face additional challenges based on racial bias.** Some participants noted that women-founded businesses may be perceived by lenders as riskier in comparison to businesses founded by male entrepreneurs. Others acknowledged that within their business contexts, gender did not any play a role in their decision-making. On top of gender bias concerns, minority women entrepreneurs may face additional challenges accessing capital based on racial bias.
- **Women may lack access to formal and informal networks or may be less comfortable in building relationships within male-dominated lending environments** Some participants noted the importance of relationships and networks when sourcing capital and women may not always seek to build relationships with bankers and investors since it is male-dominated lending industry. Many women small business owners are intimidated with the process of seeking funding or exploring lending options.

## BARRIERS AND CHALLENGES IN ACCESSING CAPITAL

- **Many focus group participants described that gaps in information about available resources and sources of technical assistance present barriers to accessing capital.** Women (and entrepreneurs in general) may lack awareness of the resources, programs, and initiatives that are available to them for help with their business. In addition, it may be challenging to navigate through all of the available resources in order to know where to go or where to start. Participants' concerns about information gaps also extended also to lenders and others providing assistance to entrepreneurs; since information and resources are always changing, and are decentralized, it can be equally challenging for professionals and experts to keep up with what resources are available.
- **Many focus group participants noted that a lack confidence as a significant barrier in accessing capital. In addition, women may be uncomfortable asking for funding or clarifying why a funding request was denied. Lack of confidence among women entrepreneurs was a consistent theme across focus groups.** It was noted that lenders can help by providing feedback and follow-up about ways to improve a funding request if it is denied or help during the business planning process. Building relationships between lenders and entrepreneurs can potentially help increase chances of success. Sometimes there is a reluctance of the part of the "asker" and there is a need to create a setting for entrepreneurs to feel comfortable in communicating with funders. People are not getting questions answered or are not always comfortable having conversations with bankers.
  - Many of lenders who participated in the focus groups noted the importance of providing follow-up feedback after the review. If unsuccessful, lenders can provide information to help the entrepreneur go back and fortify their business plan and loan application.
  - In partnership, the lender can walk them though the process by giving customer service and education. When people are denied, they don't feel empowered to ask why. One participant noted, "When someone tells you 'no', there are no questions afterwards. Know the why. You have the right to know the why."
  - Another participant noted that while providing this feedback is important, there are no guarantees that funding will be successful even if gaps or issues are addressed. This suggests that some funders may be reluctant to share too much feedback since they do not want to set unrealistic expectations with the clients that they work with.

- **Women entrepreneurs lack mentors, especially other female mentors and minority business owners, as well as networking opportunities.** A lack of community or limited networks of connections (both formal and informal) can create challenges for women entrepreneurs in terms of accessing resources, information, and assistance, as well as sources of potential capital.
- **Lack of education about finances and business fundamentals, especially financial projections, can create barriers for many women entrepreneurs in terms of securing capital. Focus group participants noted that a lack education about running a business creates challenges in securing funding.** In particular, women may lack the business acumen about financials and financial projections and may need technical assistance in that area; the need for financial literacy was one of the most consistent themes across the focus groups. Focus group participants also noted that women may lack education about what is available to them in terms of funding; the appropriate amount to ask for (and not underestimate the amount needed); and how to go about applying. Some entrepreneurs may struggle with developing a solid business plan, especially financial projections and the business plan is important to securing funding. Not knowing how to make the “ask” can be a barrier to success. Women may need to understand the “art” of the pitch in order to generate investor interest.
- **Personal financial issues or credit issues create barriers to securing loans.** Issues with their personal financial history in terms of credit and collateral can prevent some women entrepreneurs from accessing loans. Some women need to repair their credit and credit history.

## OVERCOMING BARRIERS TO CAPITAL AND IMPROVING CHANCES FOR SUCCESS

- **Focus group participants’ comments suggested that overcoming barriers to access capital should focus not only on the entrepreneurs themselves, but also on the external funding environment. Problems and solutions can and should include the lender/investor side and not solely the entrepreneur side.** Participants’ comments illustrated several key themes, including:
  - Lenders and others can increase women’s awareness of available resources by fostering collaboration among organizations that provide assistance.
  - In addition, some participants noted that there is a lack of awareness among lenders and technical assistance organizations about what might be going on in other areas of the state or across organizations. This can make it more challenging to know how to best-assist entrepreneurs or what the best organization to refer someone to might be.
  - Asking entrepreneurs to do more might not be effective. Instead, increase partnerships and collaboration among lenders and investors in order to help referrals.
  - Increase the presence of women in the financial industry. The financial industry is predominantly male. Increasing the presence of women in the financial industry, including minority women, would be beneficial.
  - Some participants noted the need to increase access to loans for women-owned businesses and start-ups, although others disagreed with the notion of targeted or intentional funding. Instead they noted the need to increase the pool of investors more generally.
  - Increase access to mentoring, coaching, and support, especially from other successful women, and create more opportunities for networking and relationship-building.
  - Increase understanding of the business development process and the process of seeking funding.
  - Improve education around business, especially financial literacy.
  - Prepare, practice, and polish the pitch.

➤ **Understanding common reasons for denial of funding can help entrepreneurs proactively plan and prepare their requests. Gaps in the business plan (including a lack of market research) and poor/weak financial projections were among the common reasons lenders noted for denying a funding request.**

Focus group participants identified several reasons why they might deny a request for funding, including:

- The business plan may be lacking in a certain area (especially market research or evidence that there is a market for the product or service) or it may not be fully developed. The lender may perceive that the team is not fully assembled or a key skill-set is missing. Several lenders noted the importance of working on the business plan with the banker prior to presenting to the loan committee presenting.
- One area of particular concern to the lender may be poor or weak financial projections. Some may be lacking financial literacy, do not have an income statement, or the cash flow projections may not be realistic.
- The applicant may have low credit scores, personal credit issues and high debt or be lacking collateral. The lender may emphasize with an entrepreneur the need to prepare their personal financials in order to prepare for business debt. Several participants noted the importance of making sure a woman's name is on the titles of any household assets and that she has access to the titles. This underscores the need to have equity going into a request for funding.
- The lender may have concerns about lack of experience in the industry, lack of business acumen and/or business experience, or a perceived lack of awareness of the time demands of being and entrepreneur. One venture capital participant noted the importance of conveying professionalism in the pitch since they need to be confident in the chances of success when recommending the entrepreneur to others within their network of investors.
- Timing or a poor fit with the portfolio or interests of the funder, especially venture capital firms, may also be a reason for a denial. It was noted that venture capital is not suitable for the vast majority of small businesses and knowing what the "fit" is can be important. Many venture capital denials are due to concerns that the business is not "scaleable."

➤ **Many of the participants noted the importance of banks and other lending institutions using their referral networks and partnerships in terms of connecting entrepreneurs with other funders who might be a better fit or when connecting entrepreneurs with resources they may need to increase their likelihood of success in the future.** Lenders should know who to contact and where to go; some try to help entrepreneurs internally or they may need to be referred elsewhere.

## CURRICULUM DESIGN TO IMPROVE ACCESS TO CAPITAL

➤ **Participants had considerable feedback on the content and design of a proposed curriculum to help increase women's access to capital across the areas of resources for help and technical assistance; business literacy; financial literacy; growing customer knowledge; business plan development; sources of capital and applying for funding; pitching; leadership development; and support for women entrepreneurs.** Table 9 later in this report provide a comprehensive set of feedback, but included among the most consistent suggestions for curriculum content are:

- Access to technical assistance, especially on an individual, one-on-one basis
- Business literacy and the fundamentals of business management, including accounting; human resources; tax laws, tax payments, and tax filing; legal components of owning a business and ownership structures; and time management
- Financial literacy, including financial projections; forecasting; and managing cash flow
- Branding and marketing

- Business plan development
- Credit, credit recovery, and credit repair
- Collateral and its connection to capital
- Negotiation skills
- Sources of capital and understanding the different ways a company can be funded and the advantages and disadvantages of different options
- Grants and grant writing (but the importance of not relying on grants alone)
- Funding application process and assistance with completing the applications
- Pitching and presentation skills
- Coaching and mentoring
- Confidence building

➤ **In addition to specific topics and content, participants had feedback on curriculum design, especially the importance of including hands-on and one-on-one components. The following were included among the design feedback mentioned by the focus group participants:**

- A curriculum should include a one-on-one component.
- Industry-specific resources should be provided.
- Define and tailor the curriculum to a specific audience and limit participants to that specific audience.
- Do not make it overly complicated; simplify.
- Provide time for people to ask questions of experts privately.
- Provide information relevant to those wanting to take their business to the next level.
- A hands-on curriculum for financial literacy and business planning.
- Help women connect with successful businesses in the same industry and ask questions about operations and growth from their management and ownership.
- Get as many successful women together and involved as possible and show examples of success.
- Schedule at times and in ways that are most convenient to entrepreneurs who may have family commitments or other job obligations.

## FUTURE TRENDS AND EMERGING ISSUES

➤ **Participants noted that more women are taking the time to investigate entrepreneurship and that while women have many ideas and are highly innovative, they continue to suffer from low levels of confidence.** Stated differently, one participant expressed that women have plenty ideas in terms of what they could do and are willing to try different types of business, but they are not as confident with financial statements and this may be holding some women back from pursuing a business. Another participant commented that they are witnessing an increased presence of the utilization of artificial intelligence (AI) technologies in business development and entrepreneurship, especially in the content and development of business plans. Others suggested the need for more education about how to use and leverage AI in the context of building a business and a recognition of the evolving use of AI.

➤ **Participants also noted a surge in new business opportunities being pursued by women entrepreneurs and that lenders need to capitalize on these emerging types of businesses.** Among the areas noted were broadband expansion, sustainability, and infrastructure, as well as non-traditional, small business types such as holistic health care and micro-bakery products (like sour dough). Post-pandemic, there has also been an increase in social, non-profit, and service-oriented businesses.

- **In a post-COVID environment, women entrepreneurs need to be mindful of changes in the funding landscape, especially as it pertains to the use and reliance on grants and venture capital. These changes are likely to impact access to capital for all entrepreneurs, not just women, in the coming years.** Grants and funding opportunities for businesses that were available during the COVID-19 pandemic “are going away.” The “business ecosystem” needs to recognize that these sources of funding will not be available in the future and cannot necessarily be counted on as consistent sources of funding for businesses in the future. One participant noted, “How do we get businesses to understand that [COVID-19] grants are going away?” Another noted, “Grants! Everyone thinks there is free money out there. Grants do not fit everyone.” One venture capital funder noted that there are currently fewer dollars to be invested. There are not as many dollars available since “venture funds have not filled their coffers as in previous years.”
- **The increased comfort with virtual technology in the post-COVID environment suggests areas of opportunity to increase women's access to resources.** COVID-19 and the proliferation of virtual meeting technologies has underscored that resources for entrepreneurs can be more easily accessed state-wide and efforts can be made to increase the research of education and technical assistance across the state. One participant noted, “The post-COVID era allows us to reach state-wide.” Several participants also emphasized that there is a need as a “business community of professionals to be more action oriented” and to use the many opportunities for discussion (such as the focus group) to take action about the topics at hand. One participant noted, “What are we doing with all this? What are we trying to achieve? That has always been missing. I'd like to see more action than discussion.”

# PERSPECTIVES ON GENDER DIFFERENCES IN ACCESSING CAPITAL

Focus group participants were asked to share their perspectives on differences between male and female entrepreneurs in terms of the percentages of IBE clients that received capital and the amount of capital they receive. Table 3 summarizes the range of responses.

**Table 3 – Participant Feedback on Reasons for Gender Differences in Access to Capital**

<p><b>Gender differences in access to capital and the amount of capital may be driven by differences in industry type and differences in businesses characteristics such as size and scale. These differences may account for variations in kinds of funding needed and therefore differences in the amount of capital needed.</b></p>
<ul style="list-style-type: none"> <li>▫ Women are founding different kinds of businesses. Certain industries are dominated by men.</li> <li>▫ Gender differences in the amount of capital be driven by differences in the raw number of businesses that are women-owned vs. men-owned.</li> <li>▫ Women may be applying for capital for different types of businesses and comparisons of access to capital should be disaggregated by industry in order to make “apples to apples” comparisons with male founders.</li> <li>▫ Fewer women may be applying for capital, so differences in the data may an artifact of more men applying.</li> <li>▫ Women are founding smaller scale businesses.</li> <li>▫ Women-owned businesses may be less capital intensive.</li> <li>▫ Differences are due to different types of businesses needing different kinds of funding sizes</li> <li>▫ Women want to start a business they are passionate about (service, salon, retail, restaurant). Men have more fixed asset-based businesses, like manufacturing and trucking, which increases the lending dollar amounts.</li> <li>▫ In the context of agricultural-lending to farms, the majority are owned by men. In the food space, this sector may be funding more women.</li> <li>▫ Certain types of industries, such as retail and restaurants, are more welcoming to women, but larger loans may go to manufacturing which is more male-dominated.</li> <li>▫ Some bankers may not have experience with the types of businesses women may be founding or the lending institution may have a concentration limit in a particular sector.</li> </ul>
<p><b>Institutional or structural gender bias may create barriers to women accessing capital. Minority women entrepreneurs may face additional challenges accessing capital based on racial bias.</b></p>
<ul style="list-style-type: none"> <li>▫ Women historically earn less and there is a barrier in terms of the ability to bring collateral.</li> <li>▫ Male investors and lenders may lack interest in the things that women are passionate about.</li> <li>▫ Mostly men “are at the table and are leading the conversations.” Unconscious bias may play a role.</li> <li>▫ There may be an unfounded perception in certain financial settings of whether women can manage such large funds. There is a perception that men can handle more.</li> <li>▫ Women’s skills may be undervalued.</li> <li>▫ There are preconceived notions about what women know (or don’t know) about business structures.</li> <li>▫ Gender is the reason why women don’t get the same treatment.</li> <li>▫ There are assumptions about how women will respond to feedback.</li> <li>▫ Funder perceptions and investor gender bias may play a role. White, male-lead institutions do not have as much confidence in minority or women-owned businesses.</li> <li>▫ Female under-representation among decision-makers is a problem.</li> <li>▫ Some financial institutions may have a mentality that women can’t easily handle the loans; some don’t get acknowledged or get their questions answered.</li> <li>▫ There are barriers based on perceptions.</li> <li>▫ Loan officers are male dominated. This may be a factor.</li> <li>▫ Banks are still very dominated by men.</li> <li>▫ Venture capital and angel investment is heavily skewed towards men.</li> <li>▫ Decision-makers are not women and are not diverse individuals.</li> <li>▫ There is also a need to look at statistics for various subgroups of women based on race and ethnicity.</li> </ul>

**Women may have different motivations for starting their business and/or may have unique challenges due to their family expectations that impact how they approach their business development and planning.**

- Women may be looking to pursue a business out of necessity to generate income; men already have enough income and their business is an idea.
- Women need to balance their business with their home life, taking care of children, parents, etc. Some may be in less equitable partnerships.

**Women-founded businesses may be perceived by lenders as riskier in comparison to businesses founded by male entrepreneurs.**

- The kinds of businesses women may be starting may be perceived by lenders as riskier.
- Retail-dominated, women-owned businesses may present concerns from a risk perspective. Retail is creating some very new opportunities and women are forging new pathways, which can create concerns about the potential risk.
- Women's business plans may be riskier in terms of revenue projections.
- Some industries favored by women entrepreneurs may be perceived as high risk from a financial perspective.
- From the venture capital side, firms may be risk averse in lending to women when men are in the decision-making position. Participants noted that venture capital firms are more frequently owned by men.

**Women prefer to be very specific and/or extra-prepared before going to a lender. This specificity of women's requests may narrow funding opportunities.**

- Women can be very specific or precise in their ask, whereas men may be broader.
- Women want to have all of their information lined up before they go to a lender.
- Female founders are bringing better deals (to venture capital firms), but they are just not coming as often.
- Women want to be overly prepared.
- Women are not as aggressive as men in terms of how they seek funding and it takes women longer to get their capital. There is a fear of rejection and a need to be perfect.
- Women come more prepared and are open to conversations when it comes to improvement; men are less open to those conversations.

**Women are less confident about seeking funding for their businesses in comparison to male entrepreneurs and this results in fewer women seeking capital. Women founders may be missing out on subsequent funding opportunities that would be available to them if they had existing capital.**

- Women may lack of confidence in asking for more funding and may experience imposter syndrome.
- A lack of confidence is a factor.
- Women may be "scared to negotiate."
- Women may lack the confidence and education to know how to proceed.

**Women are more risk averse about taking on debt in comparison to male entrepreneurs and may prefer to bootstrap their businesses or delay seeking capital.**

- There is a perception that women are less likely to take risks and may be more risk averse.
- Women are more prone to bootstrapping and self-financing.
- There is a greater reliance by women on bootstrapping and using personal sources of funding such as savings and personal credit cards.
- Women may be more risk averse and prefer less debt.
- Women may bootstrap their business.
- Women are more conservative in terms of launching their business and taking that next step. Some may start as a hobby or operate from their home. They will lease before they buy a property.

**Women approach "the ask" differently than men. Women may under-estimate the amount of capital needed or they may they may ask for less.**

- Women may perceive that they don't need as much funding as they really do. Women are not as aggressive in their ask and may ask for less funding. Men are more willing to ask for more.
- Women lack education about what is available to them in terms of funding and what amount to ask for (and may under-estimate the amount needed).
- There are double-standards about what is acceptable for a woman to ask for vs. men.

- Women are more likely to ask for what they think will be successful vs. what they actually need (in order to have greater confidence that they can get the “yes.”) In reality, they may need significantly more than what they are asking for.
- Women do not ask for as much as men, so the amount they close is smaller.
- Women request lower amounts, so they will end up with less money.

**Women may lack access to formal and informal networks or may be less comfortable in building relationships within male-dominated lending environments.**

- Women don't always seek to build that initial relationship with their investor since it is male-dominated lending industry.
- Relationships are important. It may be a closed system for women.
- Lenders don't often get to talk to women-founders. How many women-founders are there? Can be surprising to talk to another woman. This reflects the importance of networks.
- A lot of women small business owners are scared to walk into a bank and ask for lending options.

**Illustrative Comments**

*There is a sometimes a barrier there as to what you think you can ask for and how you will be perceived when asking for more. But we still haven't kind of coached people to surpass [it].*

*Women are less likely to take risks.*

*There [are] significant barriers for our African American communities, especially African American women and our Latino communities, especially Latinas. And we have to have their voices represented here, and Asian communities and Native Americans as well.*

*Perhaps women have less access to networks. I don't know if women have the intel that that men have when it comes to kind of developing that network. In securing capital, women might be viewed as a bit more risk averse.*

*I feel like a lot of women, you know, small business owners, they are scared just walking into a bank and looking for a loan, or asking for lending options.*

*I think there's certainly a perception there that, you know, men could probably handle or manage a little bit more [referring to capital]. So that, coupled with, men tend to be more willing to ask for more.*

*A lot of individuals in the bank who are in those positions to make those decisions tend to still be men.*

*I can't speak to the whole financial industry, but I can actually speak to who my underwriters are that go through everything. And it's actually all women. So my underwriters who actually approve all of the loans are all women. I don't know other institutions, but I don't think it's necessarily that part of it.*

*I say that the women founders, sometimes come less prepared. And the less prepared really is more driven by their credit. Personal credit is sometimes lower, and they've got a history of things that they're trying to clean up which impacts the ability to provide loans.*

*The checklist doesn't change based on your gender [referring to lenders' evaluations of a business]. What we need is what we need. But we all know as lenders, there is going to be some personal feelings and what you assume that that person will be able to do at the end of this.*

# BARRIERS AND CHALLENGES WITH ACCESSING CAPITAL

Focus group participants were asked about what barriers they see that women entrepreneurs face in trying to access capital and what specific ideas they might have for reducing or removing barriers. Their feedback is summarized in Tables 4 and 5.

**Table 4 – Participant Feedback on Barriers in Women’s Access to Capital**

<p><b>Many focus group participants noted that institutional or structural gender and racial biases create barriers to women accessing capital, although some felt that all entrepreneurs face challenges, regardless of gender. Minority women entrepreneurs may face additional challenges based on racial bias.</b></p>
<ul style="list-style-type: none"> <li>▫ Bias in financial institutions creates barriers.</li> <li>▫ Women who are in STEM do not get the same amount of financial assistance that men do. This is a male-dominated area and it is harder for women to access capital</li> <li>▫ Access to capital impacts all entrepreneurs, regardless of gender.</li> <li>▫ Several participants made a point to state that they don’t differentiate between male and female clients. Rather the emphasis is on does the business make sense based on the financial projections, not gender.</li> <li>▫ Types of businesses that impact women and people of color might not impact the white male investor so there is a disconnect.</li> <li>▫ Men and women decision makers ask different questions of men vs. women entrepreneurs. Decision-makers tend to ask more cynical questions of women and dig into the finances. Men might be asked about growth. Both male and female decision-makers are doing this.</li> </ul>
<p><b>Women may lack awareness of the resources, programs, and initiatives that are available to them for help with their business. In addition, it may be challenging to navigate through all of the resources in order to know where to go or where to start. Lenders and others providing assistance of entrepreneurs may also need increased awareness of the scope of available resources since information is always changing.</b></p>
<ul style="list-style-type: none"> <li>▫ Participants wondered about whether resources are available to all parties and whether women aware of resources that are available to them.</li> <li>▫ Women may not be aware of what is out there or have awareness of business terminology. An example given was that some women may wonder “what is a pro forma?”</li> <li>▫ Women are not getting questions answered or are not comfortable having conversations with bankers.</li> <li>▫ Provide women resources and technical assistance in a holistic, multidimensional, and consistent way such that they have the continuity to build on what they need over time.</li> <li>▫ Understand what kind of technical assistance programs exist (for example, Southwest Tech, SW Cap, local colleges, incubators, SBDC) so that when an organization gets a direct inquiry, there is a referral to understand next steps. One lender noted that there is not central resource to take someone through the process.</li> <li>▫ There are so many resources. People don’t know where to go and there is not a central repository.</li> <li>▫ It can be hard to maintain and remember all the places to feed information to various people to get the information out there. Information changes all the time.</li> </ul>
<p><b>Women lack confidence or are uncomfortable asking for funding or clarifying why funding was denied. Lenders can help by providing feedback and follow-up about ways to improve their funding request.</b></p>
<ul style="list-style-type: none"> <li>▫ Sometimes there is a reluctance of the part of the “asker” and there is a need to create a setting for people to feel comfortable. There is a lack of confidence.</li> <li>▫ Women may start smaller and bootstrap rather than seek needed funding.</li> <li>▫ Women ask for smaller amounts and undervalue their needs.</li> <li>▫ Women are taught to save money. Men are taught to build wealth.</li> <li>▫ Lenders should provide follow-up feedback after the review. If they were not successful, provide information to help them go back and fortify. Walk them through the process by giving customer service and education.</li> <li>▫ When people are denied, they don’t feel empowered to ask why. Lenders don’t demand the follow-up. It may be why women are not seeing the results. “When someone tells you ‘no’, there are no questions afterwards. Know the why. You have the right to know the why.”</li> <li>▫ People are not getting questions answered or are not comfortable having conversations with bankers.</li> </ul>

<p><b>Women entrepreneurs lack mentors, especially other female mentors and minority business owners.</b></p> <ul style="list-style-type: none"> <li>▫ Women need access to mentoring sessions.</li> <li>▫ Who are the mentors? Typically white males.</li> <li>▫ Try to recruit more people who are not the typical mentors, including successful minority business owners.</li> </ul>
<p><b>A lack of community or limited networks of connections (both formal and informal) can create challenges for women entrepreneurs in terms of accessing resources, information, and assistance, as well as sources of potential capital.</b></p> <ul style="list-style-type: none"> <li>▫ Provide opportunities for women to get involved in a community of entrepreneurs.</li> <li>▫ Men can talk informally within their networks about, “hey where did you get that loan?” Women may lack these informal networks.</li> <li>▫ Help women make connections with resources that they need.</li> <li>▫ Women have less access to networks. Women may not have the intel that men have in terms of developing networks to secure capital.</li> <li>▫ Networking and connections and who you are tied to is so important. Expand opportunities so people are talking to one another.</li> </ul>
<p><b>Some women entrepreneurs may lack education about running a business that creates challenges in securing funding. Women may lack the business acumen about financials and financial projections and may need technical assistance in that area.</b></p> <ul style="list-style-type: none"> <li>▫ Some entrepreneurs lack an understanding of the “language of business” and the “language of bankers” and this can give an impression that they are “less competent” and “can’t communicate.”</li> <li>▫ Some women need direct assistance (“hand-holding”) with business plan development or funding requests.</li> <li>▫ Help women understand what it really costs to run a business.</li> <li>▫ One participant noted that sometimes an entrepreneur she is working with on developing a basic budget will say, “they can get an accountant [to help] for free” and this is not necessarily realistic or suitable for longer-term success.</li> <li>▫ There is a need for improved education for women entrepreneurs about what is needed and how to do it.</li> <li>▫ There is a lack of understanding of commercial vs. personal banking.</li> </ul>
<p><b>Women lack education about what is available to them in terms of funding, what amount to ask for (and not under-estimate the amount needed), and how to apply.</b></p> <ul style="list-style-type: none"> <li>▫ Women need to understand what types of businesses are appropriate for what types of capital.</li> <li>▫ Angel and venture capital are one of the most elusive areas.</li> <li>▫ Educational resources and technical assistance are needed in terms of how to pursue funding.</li> <li>▫ Women in rural communities lack education about access to capital, but at the same time, there are fewer opportunities or sources of access capital in rural communities.</li> <li>▫ Women need education. Entrepreneurs don’t understand the preparedness that is required. It goes beyond just having a business plan. They need to be ready when they walk in the door.</li> </ul>
<p><b>Issues with their personal financial history in terms of credit and collateral can prevent some women entrepreneurs from accessing loans.</b></p> <ul style="list-style-type: none"> <li>▫ Some women need to repair their personal and/or business credit and credit history and develop a better credit score.</li> <li>▫ Medical collections could be a factor hindering people from accessing a loan. Institutions may need a more comprehensive approach to review credit in context, allowing conversations to take place and the opportunity to dive deeper with their applicants. One lender will look at the credit score, but also try to understand how they got there and the circumstances that might have contributed to a poor score.</li> <li>▫ Women may have lower personal wealth, which may make it harder to get a business loan.</li> <li>▫ Differences in the amount of personal wealth and a cash down payment can impact success in getting a business loan. There are no subsidies for start-up business loans in the same way there may be for first-time home-buyers.</li> <li>▫ Women may not have amassed a significant amount of personal wealth to get a loan.</li> <li>▫ Lack of downpayment.</li> <li>▫ Lower credit scores and liquidity. Example: medical bills from child birth or lower income can impact credit.</li> </ul>

- Financial risk. If you don't have personal financial assets, it compounds a risky endeavor.
- The lender may place a high value on collateral and the applicant may not have a lot of collateral.
- Limited access to collateral for women is a barrier in securing funding relative to men. This is a barrier. The whole topic of collateral is important; it could be that women have not accumulated as much personal wealth.
- Credit position and a poor credit score could reduce the amount of the potential loan.
- Women-founders come less prepared from a credit perspective. This is driven by lower personal credit and they have a credit history they need to clean up.

**Some entrepreneurs may struggle with developing a solid business plan, especially financial projections. The business plan is important to securing funding.**

- Develop the business plan.
- Several participants noted that many of the women they work with do not know how to do a business plan.
- Women need to ask themselves, "I have the idea, but have I done the work? Have I done what I need to do to make my case?"
- Allocate money to the front end of the business development process.
- Investors are looking for ways to support entrepreneurs; [investments will come] if we understand they are going to be successful.
- At the early stage, it's all subjective. Essentially, the investor is investing in a company that has no assets; basically it's the human capital that is drawing the investment.
- Sometimes the ideas are not eligible for a loan. (Example: asking for a loan for horses)
- Women tend to know more about livestock than the crops. Women are handling the livestock.
- Women are well-prepared, doing the record-keeping, and they know the numbers.

**Not knowing how to make the "ask" can be a barrier to success. Women may need to understand the "art" of the pitch in order to generate investor interest.**

- The entrepreneur has to tell a compelling story and make the case for success. If pitching to get an equity investment, there needs to be a compelling story.
- Help women know how to make the ask.
- How much have you been engrained in the industry you are operating in?
- Women are presenting ideas that are hard to prove in terms of whether it will be a viable business.
- Pitch to the right audience
- Pitching is an art. Women may approach an "ask" with a social or softer feel and the passion behind the business. Men are good at compartmentalizing the soft. Lead with the business and why it financially makes sense. This gets overlooked.
- Women are "less bombastic" than men. So men are more willing to charge in there and be "more men." Women are more subdued and rational about things.

**Table 5 – Participant Feedback on Ways to Reduce Barriers to Accessing Capital**

<p><b>Increase women’s awareness of available resources and foster collaboration among organizations that provide assistance. In addition, some participants noted that there is a lack of awareness among organizations about what might be going on in other areas of the state or across organizations.</b></p> <ul style="list-style-type: none"> <li>▫ Ensure an outreach strategy for those who are awarding capital. Provide education about sources of capital.</li> <li>▫ Partner with organizations that work with female entrepreneurs. Develop a marketing campaign; be intentional with strategies from organizations to increase female applicants.</li> <li>▫ Increase awareness of resources and foster collaboration among sources of assistance in other areas of the state or across organizations.</li> <li>▫ Educate potential investors about potential investment opportunities. This can increase the capacity of women investors who in turn, may invest in women-owned businesses.</li> <li>▫ Increase awareness of resources and foster collaboration among sources of assistance.</li> </ul>
<p><b>Increase the presence of women in the financial industry. The financial industry is predominantly male. Increasing the presence of women in the financial industry, including minority women, would be beneficial.</b></p> <ul style="list-style-type: none"> <li>▫ Who is at the table? Who are you working with and what resources are they providing? Be a starting point for entrepreneurs. One participant mentioned a client may be a first generation and may not have a legacy or family they can follow; this individual may need mentoring and support.</li> <li>▫ Make resources available in ways that are sensitive to the specific time and family needs of women.</li> <li>▫ When scheduling events or other opportunities, make them pet and/or child friendly; consider having a 6 am session to accommodate those who may want to focus on their business before their day begins.</li> <li>▫ Understand and address cultural needs. This would include understanding how those cultural needs may impact how an individual entrepreneur may approach certain business situations.</li> <li>▫ Print materials in different languages and ensure that assistance and resources are available in multiple languages, including translation and interpretation.</li> <li>▫ In some cases, assistance may be needed when completing forms if written knowledge of English is more limited or if the individual completing the forms is not confident in the written language.</li> <li>▫ One participant wanted to push back on the notion of funds that only invest in women. Instead, there is a need to invest in the best opportunity. There are some that assume a woman-venture capitalist only invests in women or a minority-lead investment fund only invests in minority-owned businesses.</li> <li>▫ There is a need more women and diversity on the investor side. Educate them and welcome them and give them in-roads.</li> <li>▫ It is good for all founders to increase the number and diversity of investors.</li> <li>▫ If it were not for intentionality, the results won’t change. Intentionality helps push the needle forward.</li> <li>▫ Get to a point where we are talking about investment, not color and statistics.</li> <li>▫ Talk to underwriters and bankers about gender bias and racial bias. There is a bias that is there that shows up in the numbers. Industry needs to address that reality.</li> <li>▫ People who have control over capital need to understand the barriers created by bias.</li> </ul>
<p><b>Increase access to loans for women-owned businesses and start-ups.</b></p> <ul style="list-style-type: none"> <li>▫ Develop more loan programs targeting women-owned businesses.</li> <li>▫ Need more investors, but there was debate about “intentionality” of or targeting of investments towards women-owned companies.</li> <li>▫ Create access to SBA financing and technical assistance.</li> <li>▫ Address the perceived lack of funding for start-ups. There is a need to find a solution for the first three years of business. T</li> <li>▫ There is a need to understand “how do you get loans and understand collateral.” There is a misperception among some women entrepreneurs that “investment money” is “grant money” and that investment money “doesn’t need to be paid back.” In reality, “there is no such thing as free money.”</li> <li>▫ Re-evaluate credit score requirements and liquidity requirements and metrics.</li> <li>▫ There needs to be better education for women on credit-building.</li> <li>▫ Credit coaching was mentioned as an idea.</li> </ul>

<p><b>Increase access to mentoring, coaching, and support, especially from other successful women entrepreneurs.</b></p> <ul style="list-style-type: none"> <li>▫ Provide mentoring and guidance on the process, especially one-on-one.</li> <li>▫ Help entrepreneurs understand why funding may have been denied and provide support through the process.</li> <li>▫ Try to match female entrepreneurs with female bankers.</li> <li>▫ Meet people where they are and offer mentoring and support.</li> <li>▫ Offer one-on-one coaching. Help generate a better understanding of the real issues of running a business and why a loan was denied. Make a referral to a different lender.</li> <li>▫ Women need mentors that are on the same level and age.</li> <li>▫ Provide an engagement opportunity with a female mentor; helpful for exchanging ideas and experiences.</li> </ul>
<p><b>Create opportunities for networking and relationship-building.</b></p> <ul style="list-style-type: none"> <li>▫ Fellowship/incubator program: get women together to discuss challenges as they grow and scale their operations. Women can learn from hearing from other women.</li> <li>▫ Build relationships in order to connect with the right kinds of assets.</li> <li>▫ Create opportunities to network, especially over the winter months (slower season).</li> </ul>
<p><b>Problems and solutions may be on the investor side and not the entrepreneur side. Asking entrepreneurs to do more might not be effective. Instead, increase partnerships and collaboration among lenders and investors in order to help referrals.</b></p> <ul style="list-style-type: none"> <li>▫ Partner to provide services that traditional banks can't or don't do – banks can have a relationship with organizations like chambers of commerce so entrepreneurs can have access to technical assistance needed to get a bigger loan or grow their collateral.</li> <li>▫ Increase investors' awareness of their partners so investors be more intentional about who they partner with and who they bring into deals.</li> <li>▫ Try to connect individuals with the right banks. Establish a better referral network.</li> </ul>
<p><b>Prepare, practice, and polish the pitch.</b></p> <ul style="list-style-type: none"> <li>▫ Help with the business pitch.</li> <li>▫ Help women pitch to right audience.</li> <li>▫ Many start their business but don't have the structure of a business plan, cash flow, or structure. Can be challenging for women to make the time to come to seminars or technical assistance.</li> <li>▫ Educate entrepreneurs to ask "why" they were denied.</li> </ul>
<p><b>Increase understanding of the business development process and the process of seeking funding.</b></p> <ul style="list-style-type: none"> <li>▫ Provide seminars and workshops on the process. Some women don't know where to go. They want to know who can help and where do they go next.</li> <li>▫ Business Improvement District – Resource Guide – provide a guide and quick links of who to contact about options, a quick financial guide. Those who are denied are overwhelmed. A simple one-pager would be helpful.</li> <li>▫ Women want to get their "ducks in a row" and are hesitant to seek funding until their pieces are together. Be a resource for those people.</li> <li>▫ Understand and reframe the end-goal.</li> </ul>
<p><b>Improve education around business, especially financial literacy.</b></p> <ul style="list-style-type: none"> <li>▫ Negotiation skills – would be helpful. Sometimes it is very scary to walk in a bank and ask for a loan and be denied. Seminars related to negotiation skills would be helpful.</li> <li>▫ Financial education related to fundraising and debt would lower the barriers for those who don't have experience.</li> <li>▫ Share terminology "101" and increase women's comfort level to be set up for success.</li> <li>▫ Address mindsets and tools.</li> <li>▫ Need to build confidence.</li> <li>▫ De-mystify business tools and terminology.</li> </ul>

**Illustrative Comments**

*Entrepreneurs have a crazy uphill battle to begin with, no matter what demographic you are and where you're starting from. And so I think that asking them to do more to solve this problem, I don't think it's going to have as much impact on it.*

*I can't tell you how many times I get on calls with folks who are applying for funding, who kind of right off the bat will say something like, "Oh, well, I don't know anything about finance," or "I don't have this expertise" and just kind of feel the need to immediately dumb-down their experience when maybe they just don't have the terminology or haven't been brought up [in the business].*

*And there are a lot of really great initiatives and a lot of really great programs for women in business that I just don't think are talked about enough or are given to people in that area. So I think that having the right resources and understanding of what the process looks like, and having that confidence to pull the trigger and go in and ask those questions, and be able to uncover those opportunities that they have [is important]. I think that a lot of times women are a little more shy and they want to have all [their] information before they go to a lender or before they go to a resource. They feel more inferior going in and not knowing most of those things. And just from my experience with working with women, is the hesitancy: Who backs me and what does that look like? And what's my experience? Where am I coming from? What's my value?*

*I feel like a lot of people start the business. They know how to do it, but they don't have the structure. Often there's no business plan. There's no cash flow. There's no structure.*

*Maybe the business plan isn't quite as developed as it should be. And a lot of times those are things that I'm working on with the loan recipient prior to even having them present to our loan committee. It's a lot of that technical assistance and kind of walking them through. And for some, some handle it better than others. I think it depends a lot on their history and their work, experience, what their skill sets are or aren't. This whole thing about financial literacy is a challenge. Some of the business clients or the loan recipients that come in and they don't even what an income statement is. So it's kind of walking them through that process.*

*I feel strongly that our organization has/will make better investment decisions if we have diversity. I won't define diversity in our context but obviously, adding more female investors will help the unconscious bias that exists in any group. My constraints to do that in our organization is a member needs to be an accredited investor by SEC rules. We can't change those rules but we do have a group of 20+ people that we've added as Associates to our group that can't invest but can be part of the discussion with all of our companies. My hope is that this more diverse group become investors &/or target diverse investors that have not been part of our circle in the past.*

*Add into that racial bias [following on to a discussion about gender bias]. Because you have white women that may get a loan quicker or better than a Black or brown woman. They [the lenders] are using the same instrumentation. The same techniques. But there's a bias [that's there] that cannot be denied.*

*We always we try to lift the veil on what our process is, as far as what goes into us making our decision. And even as a farmer myself, when I'm thinking about what my loan officer needs to see...I think about, these are the things I need to make sure I have for my lender. Because they are part of my business. I think more education on what we do on the lender side can maybe help them understand what we look at when we are looking at these applications. And that might help them become better situated. But I do agree with [another participant] that sometimes it's like, "If you do, XYZ, you should get this." That's not always what happens. I think if we lift the veil a little bit more about our side of things, it might help them. But I don't think it's going to completely fix the issue.*

**PERSPECTIVES ON IMPROVING CHANCES FOR SUCCESS**

Participants were asked about the most common reasons someone might be turned down for funding and to identify the most important things women entrepreneurs could do to improve their chances of success when applying for funding. This feedback is summarized in Tables 6 and 7. Participants were also asked if they provide resources of assistance to applicants when funding is denied. Examples of resources mentioned by participants are included in Table 8.

**Table 6 – Common Reasons for Denial**

<b>The business plan is missing key components or is not as developed as it should be; the “ask” was premature.</b>
<ul style="list-style-type: none"> <li>▫ Work on the business plan with the banker prior to presenting to the loan committee.</li> <li>▫ Need to include more market research in the business plans.</li> <li>▫ A “bad idea is a bad idea.”</li> <li>▫ The market might not be there.</li> <li>▫ Team not fully assembled.</li> <li>▫ Missing a skill-set.</li> <li>▫ Might not have been ready.</li> <li>▫ Timing is important; for some small business applicants, their timing is often not right.</li> </ul>
<b>The entrepreneur provided weak financial projections.</b>
<ul style="list-style-type: none"> <li>▫ Some may be lacking financial literacy or do not have an income statement.</li> <li>▫ Cash flow projections are not realistic.</li> <li>▫ Weak financials and marketing plans; need help understanding sales volume and projections.</li> <li>▫ One lender will give applicants a cash flow table, refer them to <a href="http://creditreport.com">creditreport.com</a> to see their credit profiles, and will go over this information with them.</li> </ul>
<b>The lender has concerns about the lack of overall business experience or lack of specific experience in the industry.</b>
<ul style="list-style-type: none"> <li>▫ Lack of experience in the industry</li> <li>▫ Lack of business acumen and/or business experience</li> <li>▫ Lack of awareness of the time demands of being an entrepreneur.</li> </ul>
<b>The applicant may have poor credit or collateral.</b>
<ul style="list-style-type: none"> <li>▫ The applicant may have personal credit issues and high debt. Someone who may need to rely on a new small business to generate personal income may not be ready to take on debt.</li> <li>▫ The lender may emphasize the need to prepare the personal financial side in order to prepare for debt.</li> <li>▫ Low credit scores and poor credit history can be a problem.</li> <li>▫ Lack of personal assets. Women need to make sure their name is on the title has access to the title. They need to have equity going into the deal.</li> <li>▫ Family demands; a single mom may need to buy a house, which creates business challenges. There is a challenge of bringing personal circumstances in to the business situation.</li> </ul>
<b>The business is a poor fit with the funder, especially within venture capital.</b>
<ul style="list-style-type: none"> <li>▫ Venture capital denials are often due to concerns that the business cannot be scalable.</li> <li>▫ Venture capital investment is not appropriate for all businesses.</li> </ul>
<b>The business was not pitched well to the investor.</b>
<ul style="list-style-type: none"> <li>▫ Lack of professionalism in the pitch.</li> </ul>

**Table 7 – Lenders’ Feedback on Ways to Increase Chances for Success in Accessing Capital**

<p><b>Increase awareness of the resources and help women access resources for assistance.</b></p> <ul style="list-style-type: none"> <li>□ Lenders and other technical assistance organizations can help increase awareness of resources.</li> <li>□ Women don’t necessarily know what resources are available to them and where to start.</li> <li>□ First generation entrepreneurs may not have the same background and might need help understanding concepts that seem obvious to others (for example, credit and what a credit score is).</li> <li>□ Many home-based business do things “under the table.” An ambassador to help them may be needed.</li> <li>□ Provide education to women entrepreneurs about how to maintain and protect funds they have acquired.</li> </ul>
<p><b>Improve transparency among lenders and funders about what they need and how they evaluating a business plan when making funding and investment decisions.</b></p> <ul style="list-style-type: none"> <li>□ There should be more education about what lenders do can help those that need to borrow money understand what they need to do.</li> <li>□ More transparency by the lenders might help.</li> <li>□ Lenders can “lift the veil.”</li> </ul>
<p><b>Improve the business plan after a denial. Ask questions, if denied. Ensure that women are able to get the assistance they need with developing, improving, or revising their business plan.</b></p> <ul style="list-style-type: none"> <li>□ Many of the participants noted that they take the time to work with clients on their business plan and provide feedback where possible; lenders can refer to others with expertise, if needed.</li> <li>□ Obtain technical assistance with business plan and organize cash flow.</li> <li>□ Lenders can offer an education component about how to “clean it up” (referring to the business plan).</li> <li>□ Provide additional support if denied. Help explain the reasons for a denial and help them get on the right track.</li> <li>□ CDFIs play a role in helping prepare for a re-ask.</li> <li>□ Walk through the funding process. Educate and provide guidance through the entire process.</li> <li>□ Help tell their story and “sell” transferable skills. Explain the story and back it up, including the credit score.</li> <li>□ Have a coach and mentor to work with on a business plan.</li> <li>□ Lenders can work within their networks and specialties to help refer applicants for assistance.</li> <li>□ Being able to give people immediate access to resources is important.</li> <li>□ Identify opportunities to obtain a more stable and consistent client base (government contracting).</li> </ul>
<p><b>Gain financial literacy and become more comfortable with the financials.</b></p> <ul style="list-style-type: none"> <li>□ Understand how to calculate financial projections and increase comfort level “with the numbers.”</li> <li>□ Obtain training on financial literacy.</li> </ul>
<p><b>Improve or stabilize personal credit.</b></p> <ul style="list-style-type: none"> <li>□ Understand credit, credit applications and success.</li> <li>□ Lenders should have realistic conversations and set realistic goals with borrowers.</li> </ul>
<p><b>Reflect on the timing of the “ask.”</b></p> <ul style="list-style-type: none"> <li>□ Talk to the banker before the loan application is ready; develop a relationship with a lender .</li> <li>□ Help the client prepare before going to application stage. Need to provide resources before the denial.</li> <li>□ Women want to bootstrap and not ask for funding; help women overcome these barriers and feel more comfortable asking for what they need, especially when an entrepreneur is ready to scale up their business</li> </ul>
<p><b>Build networks, relationships with funders, and partnerships with resources.</b></p> <ul style="list-style-type: none"> <li>□ Find a financing partner that wants to “hear [the] story.” Build relationships vs. transactions.</li> <li>□ Find someone to work with long-term who will “celebrate success and anticipate needs.”</li> <li>□ Network. Connect people to other resources and get in front of others.</li> <li>□ Be with like-minded people in order to share ideas, stories, and suggestions. Seek out and rely on resources.</li> <li>□ Be prepared and present to the right “audience.” Find a lender who has a passion for small business.</li> </ul>
<p><b>Develop a strong pitch.</b></p> <ul style="list-style-type: none"> <li>□ Craft a pitch to lead to better success. Women are less likely to go to people and ask for money.</li> <li>□ Women founders take longer to feel ready to pitch. Women may be less confident in the pitch.</li> <li>□ Women are much more prepared when they get to the “ask.”</li> </ul>

**Table 8 – Examples of Resources that Focus Group Participants Often Recommend to Entrepreneurs**

Type of Resource
Banks (lenders noted that they often have referral networks among banking professionals and other partners they will refer entrepreneurs to for help with their business plan)
Accelerator programs
Business Improvement Districts (one participant suggested a need to provide BIDs with business support guides and contacts at various organizations in order to assist with referrals)
CAP Services
Community Development Financial Institutions Fund (CDFIs)
Chambers of Commerce, including the Hmong Wisconsin Chamber of Commerce; the African American Chamber of Commerce of Wisconsin; and the Hispanic Chamber of Commerce of Wisconsin (some may have a revolving loan fund for clients unable to obtain traditional financing)
Classes and courses
Credit union (some offer free financial coaching and resources for building personal credit, savings, and budgets)
Doyenne
Family and friends (as a source of funding)
Federal Reserve Bank of Minneapolis
Gap financing (to help people who do not have access to down payment capital)
Google (for help finding experts in the local area)
IndieGoGo
KIVA Microfunds
Latino Entrepreneur Network
Mentor programs such as Merlin Mentors (free mentoring in teams)
Small Business Administration (including information and education about how SBA loans work)
Small Business Development Centers (SBDC)
SCORE
Western Wisconsin Women Business Center
Wisconsin Technology Council
Women Venture
Wisconsin Women’s Business Initiative Corporation

The table is not intended to be an exhaustive list of all resources available to Wisconsin entrepreneurs; rather these are among the specific resources mentioned by focus group participants to illustrate the types of organizations to which they may refer entrepreneurs looking for assistance. Many participants also mentioned that they refer entrepreneurs to the other focus group participants.

**Illustrative Comments**

*I find that if I look back at those applicants, a lot of times, the women were not confident, perhaps, when they started. So they kind of hodgepodge things together. They use personal credit, they borrow money, they do some things so they actually often have kind of a head start and then they jump into it. They come to us, and they need those funds to kind of take their business to the next level... And I think it's important to note that they're missing out on opportunities, because a lot of times, they've done the planning. They've done the thinking. They've done all of the things that they need to do, and perhaps even built a plan. But they don't go and get the necessary capital to make sure that they can take advantage of a lot of opportunities. The same opportunities they could [take advantage of] if they had that capital.*

*Some of it, I think, might be[lack of] confidence. Some of it might also be that [women] may be a little bit more risk averse about debt. They want to take less debt before they're really confident, maybe, in their idea and their ability to generate profit from it.*

*In the industry that we're in right now, startups are very, very tough. In the economy that we're in, it's very, very tough. But are we giving them [women entrepreneurs] the resources that they need to build on? Maybe it's not the storefront right away. Maybe it's building business credit. How do you do that? How do you repair personal credit? If that's the case, how do you do that? And hand holding, to your point, to get through that process to then be able to say, "Okay, I know you want to do this. Let's get you started." And maybe we've got that business credit card or the business account. And we get you involved in the community. And then we circle back in a couple of years, and we say, "Hey, we can do this for you now." But do we also look as lenders for those untraditional sources of funding? Are we utilizing our resources like that? Are we getting them in front of grant writers? Things along those lines.*

*Figure out what you and your team want your company to be, and then go raise money in the manner that supports that, as opposed to just, 'Hey! I heard that venture capital is good... going on Shark Tank's good.'*

*From my perspective, that input, that follow up feedback after the review...I look at our loan programs and that's always the step-by-step...giving them feedback, if they were not successful in the application, so they can go back and hopefully fortify the business plan or the application. [I will] walk them through.*

*Entrepreneurships takes a ton of time. It's not for the light-hearted. Entrepreneurs don't always understand what it takes, not just to start [the business] but to run and sustain it...[We] need to help people better understand the commitment they are making. It's not just, "here's some money"...this is a 5, 7, 10-year commitment that you are going to have to meet. Not everyone gets that. Entrepreneurship is one of the hardest things you can do.*

*How are we getting more mentors in the place? I see so many of my male clients coming in already having access to mentorship, who are telling them how to make that ask, telling them who to talk to, and having those connections already. And more female clients are coming in, you know, with just an idea or nothing. So I think, having more open doors and mentorship opportunities is going to be key.*

*I think women do put more work into figuring out what we what we invest in. Because, you know, it's a little bit about that confidence that some founders have and some founders don't.*

*My generalization is women are overly prepared and under sell themselves compared to the male CEOs and maybe don't go out and do the ask until they're darn well, sure that they're ready.*

*There's a difference between financial literacy and business literacy. And once that bridge is really, you know, really connected, then it's going to really make a very successful entrepreneur.*

*When you enter a space where traditionally women have not been, there's not as many mentors there, you know. So there's not as many people kind of guiding you through this process.*

*Men often get their ideas from experience or their network, their industries will differ from manufacturing to construction to restaurants. They utilize their network to grow, in my experience. Many times, women coming into a business will be in retail, mental health/health industries, and care. They get support from their friends and family, but they may not be within the industry or able to support financially or mentorship-wise.*

# LENDER FEEDBACK ON CURRICULUM DESIGN

Participants were asked about key components or topics that would be central to include in a curriculum to help women improve their access capital to capital. See Table 9 for a compilation of responses.

**Table 9 – Summary of Lender Feedback on Key Curriculum Components**

Category or Topic Area	Specific Idea
<b>Resources for Help and Technical Assistance</b>	<ul style="list-style-type: none"> <li>▫ Access technical assistance (including one-on-one)</li> <li>▫ Provide technical assistance resources that are industry-specific</li> <li>▫ Show examples of successful businesses (case studies)</li> </ul>
<b>Business Acumen and Business Literacy</b>	<ul style="list-style-type: none"> <li>▫ Business literacy and the fundamentals of business management</li> <li>▫ Accounting and QuickBooks – how to use it and how to read accounting reports</li> <li>▫ Human resources</li> <li>▫ Tax laws, tax payments, and tax filing</li> <li>▫ Legal components of owning a business and ownership structures</li> <li>▫ Identifying space/facility needs and lease agreements</li> <li>▫ Understanding utilities (electric, gas, water)</li> <li>▫ Time management and tools for working “in the business vs. on the business”</li> <li>▫ Artificial intelligence (benefits and drawbacks in the business context)</li> <li>▫ Succession planning</li> </ul>
<b>Financial Well-Being and Financial Literacy</b>	<ul style="list-style-type: none"> <li>▫ Financial literacy, budgeting, tracking and developing a chart of accounts</li> <li>▫ Financial projections, including the development of defensible assumptions</li> <li>▫ Financial projections vs. actuals</li> <li>▫ Financial strategies and capital structures</li> <li>▫ Viability analysis and industry norms</li> </ul>
<b>Knowing Your Business and Customers</b>	<ul style="list-style-type: none"> <li>▫ Goal-setting (business)</li> <li>▫ Defining and measuring success</li> <li>▫ Forecasting</li> <li>▫ Marketing</li> <li>▫ Branding</li> </ul>
<b>Business Planning and Business Plan Development</b>	<ul style="list-style-type: none"> <li>▫ Determining whether entity is truly a business vs. a hobby</li> <li>▫ Business plan development</li> <li>▫ Identify business plans that match the type of funding being sought</li> <li>▫ Sourcing the components that are fundamental to the success of the business (for example, computer programming experience)</li> </ul>
<b>Capital Sources and Applying for Funding</b>	<ul style="list-style-type: none"> <li>▫ Credit, credit recovery, credit repair, and the “5 Cs of credit” (discuss in real life terms: character, capacity, capital, collateral, and conditions)</li> <li>▫ Collateral, its importance, and ways to access capital without collateral</li> <li>▫ Sources of capital and understanding the different ways a company can be funded and the advantages and disadvantages of different options</li> <li>▫ Identify avenues and sources of each type of funding model</li> <li>▫ Venture and other lending opportunities</li> <li>▫ Educate women about potential grants, but not to rely on grants alone</li> <li>▫ Grant writing and access to grants (when appropriate)</li> <li>▫ Sources of government capital and what the government offers to help</li> <li>▫ Information about the funding application process and assistance with completing the applications</li> <li>▫ Asset management</li> <li>▫ Content that meets the needs of those who want to jump to the next level</li> </ul>

<p><b>Pitching the Business and Making the "Ask"</b></p>	<ul style="list-style-type: none"> <li>▫ Build a community of entrepreneurs and role models</li> <li>▫ Pitching and presentation skills</li> <li>▫ Establish a value proposition for the pitch</li> <li>▫ Coaching (one-on-one)</li> <li>▫ Mentorship with coaching</li> <li>▫ Networking 101 and networking resources</li> <li>▫ Set women up with resources of who to talk to</li> <li>▫ Build relationships so they are in place when needed (like talking with people like WWBIC, SBDC, SCORE)</li> <li>▫ Pair up with a performance group; meet on a monthly basis to review financials, marketing techniques, etc.; actively interact with like-businesses</li> <li>▫ Open the lines of communication between investors and entrepreneurs</li> <li>▫ Provide education and insights from lenders about what they are looking for</li> </ul>
<p><b>Leadership Development</b></p>	<ul style="list-style-type: none"> <li>▫ Goal-setting (personal)</li> <li>▫ Interpersonal skills</li> <li>▫ Negotiation skills</li> </ul>
<p><b>Support for Women Entrepreneurs</b></p>	<ul style="list-style-type: none"> <li>▫ Confidence building</li> <li>▫ Overcoming imposter syndrome</li> <li>▫ Addressing gender-specific challenges in business settings</li> <li>▫ Investor bias and how to deal with it</li> <li>▫ Mind-set (understanding their role and their potential)</li> <li>▫ Self-advocacy and self-worth</li> <li>▫ Resolve and perseverance</li> <li>▫ Work-life balance</li> </ul>
<p><b>Design Components</b></p>	<ul style="list-style-type: none"> <li>▫ Need a one-on-one component</li> <li>▫ Industry-specific resources</li> <li>▫ Tailor to a specific audience and limit participants to that audience</li> <li>▫ Do not make it complicated; simplify</li> <li>▫ Provide time for people to ask questions of experts privately</li> <li>▫ Provide information relevant to those taking their business to the next level</li> <li>▫ A hands-on curriculum for financial literacy and business planning</li> <li>▫ Information about the different opportunities available, but then also suggest women "shop" successful businesses in the same industry and ask questions about operations and growth from their management and ownership</li> <li>▫ Get as many successful women together and involved as possible and show examples of success</li> </ul>

**Illustrative Comments**

*The exposure to the different available resources from financial literacy and budgeting to the venture and lending opportunities revolve on utilizing experience, expertise, partnerships, and backing to get where they need to go within an expected timeframe. Setting goals is the first step in making dreams come true and having those steppingstones available and completely visible is most important. There are many resources and some serious benefits to women in business, alongside additional minorities within the industries, but there is low visibility, and my guess is the risk and unknown resources is why the numbers are more skewed. Less visibility means less availability and we will continue to see trends of less women approved for opportunities if there are less women applicants.*

*In my experience, women are very well prepared when they come in. They're the ones doing the record keeping. They're the ones that know the numbers*

*[What] I would build into a curriculum for entrepreneurs is, you know, fundamentals of the various side pieces of the business that you're going to have to generate to be successful. Which is tricky though to do, because there are so many different industries. So you might not need to know how to source an injection mold, you might not need to source a great programmer, depending on what industry you're going into.*

*Enable women to have conversations with women in a way that allows that growth and development from the business owner. I hope [this] will produce a different set of results and a different set of foundational discussions that people will have about loans and needs. Because if we do it the same way all the time and expect a different result, we're probably not going to get very far.*

*I say that the women founders, sometimes come less prepared and the less prepared really is more driven by their credit. Personal credit is sometimes lower, and they've got a history of things that they're trying to clean up which impacts the ability to provide loans.*

*There's just a variety of businesses that, some are very interesting, new opportunities that are forging new pathways and new opportunities. So maybe some of those create some concerning questions about the potential risk. So if we look at startups, there is riskiness there. So there's a hesitancy and a resistance. Also, I think that what I've seen is that [women's] requested amount are less. So if your requested amount is less than what the male would be seeking, then you're going to end up with less money.*

*People still don't know how to use QuickBooks. And if they do, they don't know how to read it. I find when businesses first start out, they have an accountant which is usually their personal accountant, not a business accountant...a lot of times they think, "Well, my revenues are growing. I have more sales, so my business is growing." But they're not paying attention to the financials on a month-to-month basis. And they're not realizing [their] labor costs are going up. [Their] supply costs are going up. So you think you're doing good because your sales are going up, yet you have decreasing profit margins. They don't know how to read the data, even just on a very high level. You don't have to get that granular with it, because it'll freak people out. You're making money or not. I think it goes back to the business literacy piece.*

*If you have to rely on grants to start your business, you don't need a business.*

*Unfortunately, sometimes that mentality still exists...that women can't handle that...some of most recent loans I've done have been women owned and run businesses, and when I asked them what happened [at the prior institutions], they still are saying they don't get acknowledged or they don't feel like they're getting their questions and details answered clearly. So I think there's still a barrier there that is unfortunate, and hopefully can go away at some point here.*

*I feel like a lot of women, you know, small business owners, they are scared just walking into a bank and looking for a loan, or asking for lending options.*

*I feel that part of [the issue] is not knowing what's out there or being scared to negotiate. Sometimes, [it] may be easier for a male that has been in the industry for a long time to negotiate or look around...Then sometimes, when you're opening a new business or coming into the market, it may be scary just to walk in and ask for something. Maybe I don't have my bank statements, or I don't have my finances together. I don't want to try again.*

## FUTURE TRENDS AND EMERGING ISSUES

During the course of the discussions, participants had the opportunity to share their insights on trends that might be influencing the future of small business lending for women and/or other feedback regarding the broader issue of Wisconsin women accessing capital that was not already covered during the focus group.<sup>5</sup>

➤ **Participants noted that more women are taking the time to investigate entrepreneurship and that while women have many ideas and are highly innovative, they continue to suffer from low levels of confidence.** Stated differently, one participant expressed that women have plenty of ideas in terms of what they could do and are willing to try different types of business, but they are not as confident with financial statements and this may be holding some women back from pursuing a business. Another participant commented that they are witnessing an increased presence of the utilization of artificial intelligence (AI) technologies in business development and entrepreneurship, especially in the content and development of business plans. Others suggested the need for more education about how to use and leverage AI in the context of building a business and a recognition of the evolving use of AI.

➤ **Participants also noted a surge in new business opportunities being pursued by women entrepreneurs and that lenders need to capitalize on these emerging types of businesses.** Among the areas noted were broadband expansion, sustainability, and infrastructure, as well as non-traditional, small business types such as holistic health care and micro-bakery products (like sour dough). Post-pandemic, there has also been an increase in social, non-profit, and service-oriented businesses.

➤ **In a post-COVID environment, women entrepreneurs need to be mindful of changes in the funding landscape, especially as it pertains to the use and reliance on grants and venture capital. These changes are likely to impact access to capital for all entrepreneurs, not just women, in the coming years.** Grants and funding opportunities for businesses that were available during the COVID-19 pandemic “are going away.” The “business ecosystem” needs to recognize that these sources of funding will not be available in the future and cannot necessarily be counted on as consistent sources of funding for businesses in the future. One participant noted, “How do we get businesses to understand that [COVID-19] grants are going away?” Another noted, “Grants! Everyone thinks there is free money out there. Grants do not fit everyone.” One venture capital funder noted that there are currently fewer dollars to be invested. There are not as many dollars available since “venture funds have not filled their coffers as in previous years.”

➤ **The increased comfort with virtual technology in the post-COVID environment suggests areas of opportunity to increase women's access to resources.** COVID-19 and the proliferation of virtual meeting technologies has underscored that resources for entrepreneurs can be more easily accessed state-wide and efforts can be made to increase the research of education and technical assistance across the state. One participant noted, “The post-COVID era allows us to reach state-wide.” Several participants also emphasized that there is a need as a “business community of professionals to be more action oriented” and to use the many opportunities for discussion (such as the focus group) to take action about the topics at hand. One participant noted, “What are we doing with all this? What are we trying to achieve? That has always been missing. I'd like to see more action than discussion.”

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<sup>5</sup> In several of the groups, there was not sufficient time to ask this question or participants did not have additional ideas related to the topic.

# APPENDIX A

## FOCUS GROUP DISCUSSION GUIDE

### INTRODUCTIONS

- Host
- Facilitator
- Observer(s)

### WHY ARE WE HERE TODAY?

Last fall, the Institute for Business & Entrepreneurship (IBE) was awarded a grant from the U.S. Department of Commerce's Minority Business Development Agency to design and pilot a new curriculum to help Wisconsin women in their search for small business capital. To help inform the project and the content of the curriculum, IBE, in partnership with the Wisconsin Institute for Public Policy Service, is conducting a series of small group discussions with professionals from across the state to better understand the successes and challenges that influence women's access to capital. As lenders, investors, and financing experts who work with women entrepreneurs, your candid feedback today will help IBE identify critical information gaps and contribute to the planning of this new pilot program. The feedback from these small group discussions will be combined with additional information we are gathering directly from women entrepreneurs about their experiences. IBE hopes to have its first cohort participating in this new capital readiness program this fall.

### REVIEW OF GROUND RULES

We will be recording the discussion today since we often need to go back and listen to what is said again to be sure we heard a comment correctly. The recordings will not be shared with anyone outside of the WIPPS team. We typically include quotes and comments in our summary reports to illustrate themes or points, but nothing you say today will be attributed to you or your organization by name. We hope this will allow everyone to feel comfortable talking openly.

Our discussion will last about 60 minutes. There are no right or wrong answers, so we encourage you to give your honest, authentic opinions. Keep in mind that we are just as interested in negative comments as positive ones. And it is okay to respectfully disagree. If there are questions you are uncomfortable answering, you can pass or feel free to send your thoughts to me via email after the meeting.

Since we are only together for a brief time, and to ensure all voices are heard, there may be times when I ask some of you to shorten your comments. I may encourage some of you to share more thoughts if we have not heard from you in a bit. Are there any questions or concerns before we get started?

**OVERALL IMPRESSIONS [15 minutes]**

1. IBE finds that, historically, fewer women entrepreneurs get capital and overall receive smaller amounts of capital in comparison to male entrepreneurs. For example, in 2022, 47% of IBE's women clients received capital vs 50% of men, with women receiving about \$64M in total capital compared to men at \$142M. What are your reactions to these statistics and what factors are contributing to these differences?

[MODERATOR PROBES > the following are examples for reference:]

- Women may prefer to rely on personal sources of funding rather than external capital (bootstrapping)
- Women may have lower tolerance for risk
- Women may be less willing to give up control or equity<sup>6</sup>
- There are fewer networking opportunities for women compared to men
- Women tend to start businesses that do not require a lot of capital
- Women may not have the collateral to leverage debt
- Women don't ask for the higher dollar loans
- Women are not as prepared with pro forma statements, tax returns and other items
- Women come in more looking to have a conversation about "if" they would qualify for a loan vs "asking" for a loan
- Women have different communication styles
- Women may have lower tolerance for risk

**KEY BARRIERS TO ACCESSING CAPITAL AND IDEAS FOR ADDRESSING BARRIERS [15 minutes]**

2. A 2023 Bank of America survey noted that approximately one-third of women business owners reported that they have experienced challenges accessing capital. From your perspective, what barriers do you see that women entrepreneurs face in trying to access capital and what specific ideas do you have for how these barriers can be removed?

[MODERATOR PROBES RE: BARRIERS > the following are examples of barriers or challenges for reference:]

- Lack of awareness of sources of funding
- Lack of clarity about how much funding to ask for (asked for too much)
- Lack of understanding of or confusion about how to apply for funding
- Poor business plan or "pitch"
- Missing or incomplete documents needed to apply for funding
- Lack of time to devote to applying for funding (process is too time-consuming)
- Poor credit history
- Too much debt
- Insufficient collateral
- Inadequate cash flow projections
- Business type is too risky
- Business is immature – not enough time yet in business
- Unfavorable interest rates

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<sup>6</sup> [https://www.govinfo.gov/content/pkg/GOVPUB-Y3\\_W84\\_4-PURL-gpo121110/pdf/GOVPUB-Y3\\_W84\\_4-PURL-gpo121110.pdf](https://www.govinfo.gov/content/pkg/GOVPUB-Y3_W84_4-PURL-gpo121110/pdf/GOVPUB-Y3_W84_4-PURL-gpo121110.pdf)

- Gender bias
- Age, race, or other discrimination

[MODERATOR PROBES RE: IDEAS FOR REMOVING BARRIERS > the following are examples for reference:]

- Increase awareness of and access to resources for help and technical assistance
- Provide training on financial well-being/financial literacy/budgeting
- Increase supports for women entrepreneurs (work-life balance, childcare, self-care)
- Invest in the development of leadership skills (conflict resolution, negotiating skills, etc.)
- Know how to define customer/markets
- Develop or modify a business plan
- Identify sources of capital and the mechanics of how to apply
- Provide training in how to make the “ask” and develop a strong “pitch”
- Provide access to networks of entrepreneurs/mentors

### OPPORTUNITIES [15 minutes]

3. When someone is turned down for funding from your organization, what are the most common reasons and what are the most important things you think women entrepreneurs can do to improve their chances of success when applying for funding from your organization? [MODERATOR: Consider probing whether the respondent sees differences in an early state business vs. a growth stage business].
4. Are there specific resources you provide or recommend to an applicant in a situation when someone is turned down? [MODERATOR: Consider probing if there are differences in the resources or support provided based on the applicant's gender?]
5. If you were to design a curriculum to help women business owners improve their access capital to capital, what are key components or topics that you think are central to include?

### FUTURE TRENDS and OTHER [10 minutes]

6. As we wrap-up, I'd like to give you a chance to talk about what trends you see influencing the future small business lending for women or is there anything else you would like to share regarding the broader issue of Wisconsin women accessing capital that we did not discuss that you think would be important for IBE know?

Thank you all for your time and candor. If there is feedback you wish to share privately, feel free to reach out to me at [phone and email of moderator.]

Also, if you would like learn more about IBE and this new program, please contact Lora Bray, IBE Outreach Learning Manager at [lora.bray@business.wisconsin.edu](mailto:lora.bray@business.wisconsin.edu)